

VZCZCXRO7105
PP RUEHAO
DE RUEHAO #0938/01 3311904
ZNR UUUUU ZZH
P R 271904Z NOV 07
FM AMCONSUL CURACAO
TO RUEHC/SECSTATE WASHDC PRIORITY 2085
INFO RUEHTC/AMEMBASSY THE HAGUE 0207
RUEHCV/AMEMBASSY CARACAS 0352
RUEHPO/AMEMBASSY PARAMARIBO 0053
RHMFIUU/DEPT OF JUSTICE WASHINGTON DC
RUEHAO/AMCONSUL CURACAO 3009

UNCLAS SECTION 01 OF 05 CURACAO 000938

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STATE FOR INL/LP, WHA/CAR - JROSHOLT, KWILLIAMS

E.O. 12958: N/A

TAGS: [SNAR](#) [PREL](#) [PGOV](#) [KCRM](#) [NA](#) [AA](#)

SUBJECT: CURACAO: 2007-2008 INTERNATIONAL NARCOTICS CONTROL STRATEGY
REPORT (INCSR) PART I, DRUGS AND CHEMICAL CONTROL

REF: STATE 136787

I. Summary

11. Aruba, the Netherlands Antilles, and the Netherlands together form the Kingdom of the Netherlands. The two Caribbean parts of the Kingdom have autonomy over their internal affairs, with the right to exercise independent decision making in a number of counter narcotics areas. The Government of the Netherlands (GON) is responsible for the defense and foreign affairs of all three parts of the Kingdom and assists the Government of Aruba (GOA) and the Government of the Netherlands Antilles (GONA) in their efforts to combat narcotics trafficking. The Kingdom of the Netherlands is a party to the 1988 UN Drug Convention, and all three parts are subject to the Convention. Both Aruba and the Netherlands Antilles are active members of the Financial Action Task Force (FATF) and Caribbean Financial Action Task Force (CFATF).

II. Status of Country

12. Netherlands Antilles. The islands of the Netherlands Antilles (NA) (Curacao and Bonaire off Venezuela and Saba, Saint Eustatius, and Sint Maarten east of the U.S. Virgin Islands) continue to serve as northbound transshipment points for cocaine and increasing amounts of heroin coming from South America; chiefly Colombia, Venezuela, and to a much lesser extent, Suriname. These shipments typically are transported to U.S. territory in the Caribbean by "go-fast" boats although use of fishing boats, freighters, and cruise ships are becoming more common. Direct transport to Europe, and at times to the U.S., is sometimes by "mules" (drug couriers) using commercial flights. The DEA and local law enforcement saw continued go-fast boat traffic this year with some load sizes reduced because of a potential exposure to law enforcement. This shift was attributed to successful investigations along with investments by the Antilles in border security like the new ground-based radar system capable of identifying inbound vessels. These shipments were generally en route to Puerto Rico or the U.S. Virgin Islands, but Sint Maarten continued to hold some measurable popularity among couriers as a gateway to Europe. In addition to go-fast boat activity and smuggling via commercial airlines, large quantities of narcotics continued to be moved through in containers.

13. The Netherlands Antilles is expected be dissolved, and Sint Maarten and Curacao are scheduled to attain autonomous country status within the Kingdom of the Netherlands (similar to Aruba's status) in December of 2008. Sint Maarten's geographic location and its multi-national population make it an ideal transshipment point between South America and the United States, for drug and human smuggling. Statistics on significant seizures in 2006

indicate that Dutch Sint Maarten remains a staging ground for moving cocaine and heroin into the U.S. market. Officials in Sint Maarten have taken this threat seriously by initiating joint U.S. cooperative investigations, as well as adopting new law enforcement strategies to combat the problems. Sailing vessels and larger vessels continued to be identified infrequently as they were used to clandestinely move multi-hundred kilogram shipments of cocaine under the guise of recreational maritime traffic. Drug smugglers have a multitude of routes and methods. The diversity of the methods, coupled with inadequate law enforcement controls upon the flow of goods, works in favor of criminals. Dutch Sint Maarten is considered a "Free Zone", which means there are limited controls placed on import and export of goods. This situation also applies to financial crimes. The absence of stringent checks into monetary flows means that money laundering and proceeds from illegal activities are relatively easy to conceal. Several authorities within the GONA cite the lack of personnel with adequate training in these areas. As a result, checks and investigations can not be carried out effectively.

14. In Curacao, the crackdown at Curacao's Hato International Airport on "mules"-who either ingest or conceal on their bodies illegal drugs-which began in 2002 continued during 2007. Historically, most of the courier traffic (current estimate is 95 percent) has been destined for Europe. Since the inception of the "Hato Team" concept of interagency cooperation in 2002, at least 13,000 persons have been denied boarding based on suspicion of drug trafficking. During 2004, Dutch officials in The Netherlands initiated a "100 percent Check" on all passengers arriving at Amsterdam's Schiphol Airport from the Antilles. The Antilles joined in the effort by initiating a program during 2004 wherein Antilleans identified attempting to carry drugs to Europe automatically lost their passports for a period of two years, although this action has been challenged as a human rights violation. The previous year saw positive results

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from the intensification of regional law enforcement against this endemic problem. During 2007, the Antillean authorities continued to report a significant reduction in courier traffic. The problem, which originally consisted of the detention of between eighty and one hundred couriers a day, was diminished in recent years to a steady rate of approximately ten couriers per month according to 2007 local court statistics. These results were directly attributed to aggressive law enforcement tactics employed by Antillean authorities, in conjunction with their Dutch partners, that led to significant seizures and the dismantling of responsible organizations coupled with innovative legislative tactics like passport removal.

15. Consistent with the continued smuggling ventures, arrests were frequent in 2007. Curacao's prison remains at capacity and management problems there persist. Aware of this problem, the GONA, with the assistance of their Dutch partners, has undertaken efforts to reduce the prison population by pre-trial diversion of non-violent offenders and by constructing new jail space with Dutch financial assistance.

16. The crime and homelessness stemming from drug abuse remained important concerns for the GONA. During 2007, reporting continued to indicate even further reductions in drug related homicides to below levels prior to the 2002 spike. This was attributed to successful regional enforcement operations and legislative action. The GONA continued its policy of requiring visas of Colombians and several other countries. The GONA's "Zero Tolerance" teams, whose primary mission is to identify illegal immigrants to the islands and deport them, remained active during 2007.

17. Elected officials and all elements of the law enforcement and judicial community recognize that the NA, chiefly due to geography, face a serious threat from drug trafficking. The police, who are understaffed and need additional training, have received some additional resources, including various support and training by the Netherlands and the United States including

recent training regarding money laundering investigations. The rigorous legal standards that must be met to prosecute cases constrain the effectiveness of the police; nevertheless, local police made progress in 2006 and 2007 in initiating complex, sensitive cases targeting upper-echelon traffickers. These efforts demonstrated the effectiveness of cooperation with other law enforcement entities in the region. In 2007, the level of Dutch Police presence remained consistent.

¶8. The far-reaching restructuring of the police, started in 2000, continues to show results. During 2007, the newly appointed Police Chief in conjunction with the Minister of Justice made a concentrated effort to improve Criminal Intelligence by creating a new Operational Intelligence Unit within the Curacao Police Corps. These improvements were formed through money grants from the Netherlands and partnerships with U.S. law enforcement; specifically the Drug Enforcement Administration. This specialized Intel Unit has made a favorable impact on the Police Department and has improved investigative effectiveness. In 2007, as in previous years, the priority was, and continues to be, improving the expertise of the financial investigation team. Successful joint Antillean/Dutch investigations conducted by the Hit and Run Money Laundering Team (HARM) have become commonplace during 2007.

¶9. The specialized Dutch police units (RSTs) that support law enforcement in the NA continued to be effective in 2007 and to include local officers in the development of investigative strategies to ensure exchange of expertise and information. During the year, the RST improved their place in the regional scheme of enforcement as a viable international partner for law enforcement matters. During 2007, RST efforts culminated in several successful operations. The RST Curacao had its biggest success in a joint international money laundering operation named "Operation Kings Cross" which focused on illegal activities within the Curacao Free Zone. This operation resulted in the seizure of \$120,000.00 in Euros and \$130,000.00 in US Currency and the arrest of the principal target in the investigation. In another joint RST investigation named "Operation Pick Pocket" results included the seizure of 542 kilograms of cocaine; 10 kilograms of heroin; and the arrest of 61 defendants.

¶10. The Netherlands Antilles and Aruba Coast Guard (CGNAA) scored a number of successes in 2007. The CGNAA was responsible for several seizures of cocaine, heroin, and marijuana. As an example of their continued success and ability to be forward leaning with law enforcement initiatives, during October 2007, the CGNAA, in coordination with the RST Curacao seized

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approximately 35 kilograms and a go-fast vessel. Seizures like this by the CGNAA have become commonplace and highlight the CGNAA's desire to be a regional player in law-enforcement endeavors. The CGNAA's three cutters, outfitted with rigid-hull inflatable boats (RHIBs) and new 'super' RHIBs designed especially for counter narcotics work in the Caribbean, demonstrated their utility against "go-fast" boats and other targets.

¶11. The CGNAA has developed an effective counter narcotics intelligence service and is considered by the U.S. Coast Guard and DEA to be an invaluable international law enforcement partner. Authorities in both the NA and Aruba are intent on ensuring that there is a proper balance between the CGNAA's international obligation to stop narcotics trafficking through the islands, and its local responsibility to stop narcotics entry into the islands. Under the continued leadership of the Attorney General, the GONA continued to strengthen its cooperation with U.S. law enforcement authorities throughout 2007. This cooperation extended to Sint Maarten, where the United States and the GONA continued joint efforts against international organized crime and drug trafficking.

¶12. The regular Dutch Navy also operates in the Netherlands Antilles under the auspices of Component Task Group 4.4 (CTG

4.4) which operates in international waters under the oversight of the Joint Inter Agency Task Force (JIATF) South. Over the past two years, particularly during 2006 and 2007, the CTG 4.4 has become a close and essential ally of the DEA and other U.S. agencies. Their continual efforts to thwart drugs trafficking from the region have been noted at the highest levels of the DEA and U.S. government. Several notable seizures occurred during 2007. The most impressive effort was the tracking of a maritime vessel from Colombia past the ABC Islands to Puerto Rico which ultimately culminated with the seizure of approximately 153 kilograms of heroin.

13. In addition to these improvements in law enforcement, the GONA demonstrated its commitment to the counter narcotics effort by continued support for a U.S. Forward Operating Location (FOL) at the Curacao Hato International Airport. Under a ten-year use agreement signed in March 2000 and ratified in October 2001 by the Dutch Parliament, U.S. military aircraft conduct counter narcotics detection and monitoring flights over both the source and transit zones from commercial ramp space provided free of charge. A major expansion project at the airport that began in January 2002 and completed during September 2003 significantly increased the FOL's capacity.

14. Aruba. Aruba is a transshipment point for increasing quantities of heroin, and to a lesser extent cocaine, moving north, mainly from Colombia, to the U.S. and secondarily to Europe. Drugs move north via cruise ships and the multiple daily flights to the U.S. and Europe. The island attracts drug traffickers with its good infrastructure, excellent flight connections, and relatively light sentences for drug-related crimes served in prisons with relatively good living conditions. This problem is affected by continued successes in Curacao during 2006-2007, which necessitated a change in route on the part of the traffickers in the region.

15. While Aruba enjoys a low crime rate, crime reporting during 2007 indicates that prominent drug traffickers are established on the island. Drug abuse in Aruba, including among tourists, remains a cause for concern. Cruise lines that visit Aruba have instituted strict boarding/search policies for employees in order to thwart efforts of the traffickers to establish regular courier routes back to the United States. The expanding use of MDMA in clubs by young people attracts increasing attention. Private foundations on the island work on drug education and prevention and the Aruba government's top counter narcotics official actively reaches out to U.S. sources for materials to use in prevention programs. The police also work in demand reduction programs for the schools and visit them regularly. The Government has established an interagency commission to develop plans and programs to discourage youth from trafficking between the Netherlands and the U.S. The Government has been very clear that it intends to pursue a dynamic counter narcotics strategy in close cooperation with its regional and international partners.

16. In 2007, Aruba law enforcement officials continued to investigate and prosecute mid-level drug traffickers who supply drugs to "mules." During 2007, there were several instances where Aruba authorities cooperated with U.S. authorities to realize U.S. prosecutions of American citizens arrested in Aruba while attempting to return to the United States with drugs in

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multi-kilogram quantities. Aruba also devotes substantial time and effort to the identification of the person's responsible for the importation of drugs to Aruba.

17. The GOA hosts the Department of Homeland Security's (DHS) Bureau of Customs and Border Protection pre-inspection and pre-clearance personnel at Reina Beatrix airport. These officers occupy facilities financed and built by the GOA. DHS seizures of cocaine and heroin were frequent in 2007. Drug smugglers arrested are either prosecuted in Aruba or returned to the U.S. for prosecution. Aruba jails remain critically overcrowded. The GOA established special cells in which to detain those suspected

of ingesting drugs. Aruba officials regularly explore ways to capitalize on the presence of the FOL and pre-clearance personnel, seeking to use resident U.S. law enforcement expertise to improve local law enforcement capabilities. Aruba also continued to participate in the Coast Guard of the Netherlands Antilles and Aruba.

III. Country Actions Against Drugs in 2007

¶18. Agreements and Treaties. The Netherlands extended the 1988 UN Drug Convention to the NA and Aruba in March 1999, with the reservation that its obligations under certain provisions would only be applicable in so far as they were in accordance with NA and Aruba criminal legislation and policy on criminal matters. The NA and Aruba subsequently enacted revised, uniform legislation to resolve a lack of uniformity between the asset forfeiture laws of the NA and Aruba. The obligations of the Netherlands as a party to the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, apply to the NA and Aruba. The obligations of the Netherlands under the 1971 UN Convention on Psychotropic Substances have applied to the NA since March 10, 1999. The Netherlands's Mutual Legal Assistance Treaty (MLAT) with the United States applies to the NA and Aruba. Both Aruba and the NA routinely honor requests made under the MLAT and cooperate extensively with the United States on law enforcement matters at less formal levels.

¶19. Cultivation/Production. Cultivation and production of illicit drugs are not issues.

¶20. Seizures. Available drug seizure statistics for calendar year 2007 as of October 31, 2007 are as follows:
Aruba seized 390 kilograms of cocaine and 13 kilograms of heroin.
The Netherlands Antilles seized 638 kilograms of cocaine and 10 kilograms of heroin.

¶21. Corruption. The effect of official corruption on the production, transportation, and processing of illegal drugs is not an issue for Aruba. During 2007, the NA continued an aggressive and notably successful program to identify certain links from prominent traffickers in the region to law enforcement officials, which prompted additional investigation in the region. The NA has been quick to address these issues through criminal investigations, internal investigations, new hiring practices, and continued monitoring of law enforcement officials that hold sensitive positions. To prevent such public corruption, there is a judiciary that enjoys a well-deserved reputation for integrity. It has close ties with the Dutch legal system including extensive seconding of Dutch prosecutors and judges to fill positions for which there are no qualified candidates among the small Antillean and Aruban populations.

¶22. Domestic Programs (Demand Reduction). Both the NA and Aruba have ongoing demand reduction programs, but need additional resources. In 2007, the Curacao Police Corps in conjunction with D.A.R.E. opened a new D.A.R.E. facility in Willemstad, Curacao to aid in Demand Reduction activities for the youth of Curacao.

IV. U.S. Policy Initiatives and Programs

¶23. The United States encourages Aruba and NA law enforcement officials to participate in INL-funded regional training courses provided by U.S. agencies at the GOA and GONA's expense. Chiefly through the DEA and DHS/Immigration and Customs Enforcement, the United States is able to provide assistance to enhance technical capabilities as well as some targeted training. The U.S. continues to search for ways in which locally assigned U.S. law enforcement personnel can share their expertise with host country counterparts.

¶24. Appreciation of the importance of intelligence to effective law enforcement has grown in the Dutch Caribbean. The USG is expanding intelligence sharing with GOA and GONA officials as they realize the mutual benefits that result from such sharing.

Because U.S.-provided intelligence must meet the strict requirements of local law, sharing of intelligence and law enforcement information requires ongoing, extensive liaison work to bridge the difference between U.S. and Dutch-based law.

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